
Section 1: 8-K (FORM 8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
March 13, 2018

ORRSTOWN FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation)

001-34292

(SEC File Number)

23-2530374

(IRS Employer Identification No.)

77 East King Street, P.O. Box 250, Shippensburg, Pennsylvania

(Address of principal executive offices)

17257

(Zip Code)

Registrant's telephone number, including area code:

(717) 532-6114

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ORRSTOWN FINANCIAL SERVICES, INC.

INFORMATION TO BE INCLUDED IN THE REPORT

Section 5 – Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 13, 2018, Orrstown Financial Services, Inc. (the “Registrant”) and its wholly-owned subsidiary, Orrstown Bank (the “Bank”), entered into an Amendment to Employment Agreement (“Amendment”) with Benjamin W. Wallace, Executive Vice President/Operations and Technology of the Registrant and the Bank (the “Executive”), pursuant to which the term of Executive’s employment will now expire on September 1, 2018 (the “Expiration Date”). Prior to the Amendment, the current term of the original Employment Agreement, dated May 28, 2015, was due to expire on May 28, 2020.

The parties entered into the Amendment in connection with the anticipated resignation of Executive during the third quarter of 2018, in order to provide for Executive’s continued employment through the Expiration Date and ensure an orderly transition of his responsibilities during the interim period. Executive’s resignation is not due to a disagreement with the Registrant on any matter relating to Registrant’s operations, policies or practices.

All other terms and conditions of the original Employment Agreement remain in effect and enforceable, including the restrictive covenant and termination “for cause” provisions. Additionally, there has been no change in the compensation to which Executive is currently entitled under the original Employment Agreement or to the compensation programs in which he currently participates as an executive officer of the Registrant.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by the full text of such Amendment, a copy of which is attached as Exhibit 10.1 to this Form 8-K and is incorporated herein by reference.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|-----------------------|--|
| 10.1 | Amendment to Employment Agreement between Orrstown Financial Services, Inc., Orrstown Bank and Benjamin W. Wallace |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

ORRSTOWN FINANCIAL SERVICES, INC.

Date: March 15, 2018

By: /s/ David P. Boyle

Executive Vice President and Chief Financial Officer
(Duly Authorized Representative)

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 10.1 | Amendment to Employment Agreement between Orrstown Financial Services, Inc., Orrstown Bank and Benjamin W. Wallace |

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Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment (“**Amendment**”) is effective as of March 13, 2018 (the “**Effective Date**”), by and among Orrstown Financial Services, Inc., a Pennsylvania corporation (“**Orrstown**”), Orrstown Bank, a bank and trust company organized under the Pennsylvania Banking Code of 1965 and a wholly owned subsidiary of Orrstown (the “**Bank**”) (Orrstown and the Bank are hereinafter collectively referred to as the “**Employer**”) and Benjamin W. Wallace, an adult individual (the “**Executive**”).

BACKGROUND

Executive is currently employed with Employer pursuant to an Employment Agreement dated May 28, 2015 (the “**Employment Agreement**”). Executive has submitted a voluntary resignation of employment and, as a result, Employer and Executive now desire to enter into this this Amendment (this “**Amendment**”) to the Employment Agreement, to address the terms and conditions of Executive’s remaining employment.

In order to effectuate this Amendment and to ensure that the remaining provisions of the Employment Agreement continue to be enforceable, Executive and Employer hereby agree: (1) to waive the Employment Agreement’s Notice provisions contained in Section 6.3.; (2) that this Amendment shall not violate or be inconsistent with the Employment Agreement’s Entire Agreement and Modification provisions contained in Section 6.4; and (3) to the extent a remaining Employment Agreement Section expressly or impliedly refers to a provision that is amended or deleted pursuant to this Amendment, those references shall be considered stricken without affecting the enforceability of the remaining provisions of the Employment Agreement Section.

Consistent with the above, and in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree the amend the Employment Agreement as follows:

ARTICLE I. Capacity and Duties.

New paragraph 1.1(c). In addition to those duties set forth in paragraph 1.1(a) and (b), Executive shall agree to complete the following projects prior to the expiration of Executive’s Employment Term:

- i. Bank at Work Project – complete set up of fields for company identification and direct deposit tracking.
- ii. CECL – complete collection of loan level data from 2010 – 2013; expectation that Company will have support to run parallel programs by 6/30/2018.

- iii. Precision Lender – final refinements to include ability to include total bank relationship of customer.
- iv. OnBoard (Jack Henry) – complete integration of account opening platform, including the following:
 - eSign capabilities
 - Enterprise workflow
 - Xperience
 - Chexsystem integration
 - Harland Clarke integration
 - Debit Card ordering integration
 - Net Teller integration
 - Cognos integration
- v. Private Banking – establish applicable product set up and coding, debit card availability. Expected to be operational by 4/1/18.
- vi. Wealth Management – define imaging project and system for OFA.
- vii. Establish a process for tracking and monitoring employee access; need to be able to identify employees who are viewing employee/director accounts.
- viii. ILT – provide fully operational units for identified locations.
- ix. 2018 Branch openings – prepare physical location with all needed technology and telephony needed to open and operate new branches on time.
- x. Insure stability of key ongoing operational capabilities and relationships, as follows:
 - Website; identify support received from Banno and in-house capabilities
 - eBranch Mortgage advertising
 - Race Data
- xi. Baker Hill commercial workflow refresh (expected implementation is early Q3).
- xii. In addition to the above, Executive shall agree to complete the projects and reporting, customized programming, and ongoing responsibilities of the Technology group attached hereto and described more fully in Exhibit A.

Satisfactory completion of the foregoing projects is a condition of this Amendment and shall be determined by Employer in its sole reasonable discretion.

New paragraph 1.1(d). Prior to the expiration of Executive's Employment Term, Executive shall provide Employer with a complete, detailed list of all contractual obligations (along with a copy of all contracts) his Department has entered into and currently in effect. In addition, Executive shall immediately withdraw from all speaking or other engagements in which he has committed to speak as a representative of Employer. Any and all requests by Executive for a release from this obligation must be made in writing.

ARTICLE II. Term of Employment.

2.1. Term. The term of Executive's employment shall now expire on September 1, 2018, if not sooner terminated by the Employer for Cause (as defined in Section 4.3). Employer shall not contest Executive's post-Term claim for unemployment compensation, if any.

ARTICLE III. Compensation.

3.1. Basic Compensation. As compensation for Executive's services through the remainder of the Term, the Employer shall pay to Executive a salary at an annual rate equal to \$239,498.22, payable in periodic installments in accordance with the Employer's regular payroll practices in effect from time to time. The foregoing is hereinafter referred to as Executive's "**Base Salary**." For purposes of clarification, Executive's Base Salary will be paid only through September 1, 2018 and, thereafter, Employer shall have no further obligation to pay Base Salary to Executive.

ARTICLE IV. Termination of Employment.

Paragraphs 4.1, 4.2, 4.4, and 4.5 are intentionally deleted.

ARTICLE V. Restrictive Covenants and Clawback

New paragraph 5.3(e). Any and all requests by Executive for restrictive covenant carve-outs or releases (including non-competition releases), must be made in writing and prior to Executive accepting subsequent employment or engagement.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

Benjamin Wallace

Name: (“Executive”)

/s/ Benjamin Wallace

Signature

ORRSTOWN FINANCIAL CORPORATION (“Orrstown”)

By: /s/ Thomas R. Quinn, Jr.

Name: Thomas R. Quinn, Jr.

Title: President & CEO

ORRSTOWN BANK (the “Bank”)

By: /s/ Thomas R. Quinn, Jr.

Name: Thomas R. Quinn, Jr.

Title: President & CEO

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